

As of this date, the subject mortgage loan was current,, and the notion of it being delinquent was a FRAUD.

Exhibit XII - Fraud Element # 8

PARAGON
COMMERCIAL BANK

This BOLD-FACED LIE was communicated by HAND-DELIVERY to ALL of Mr. Young's commercial tenants.

March 25, 2009
G Nagil Reddy
Spice & Curry
2105 East Hwy 54
Durham, NC 27713

← HAND DELIVERED TO TENANTS BY JIM HOOSE OF PARAGON

Re: Spencer C. Young Investments, Inc./Paragon Commercial Bank

Dear G. Nagil Reddy:

Paragon Commercial Bank ("Paragon") loaned money to Spencer C. Young Investments, Inc. ("Young Investments") and secured that loan with the real property consisting of 4.42 acres located at the intersection of Highways 54 and 55, Durham County, NC known as the "Pitt Stop."

To secure the repayment of the loan, Young Investments granted to Paragon an Assignment of Leases, Rents and Profits dated December 14, 2004 and recorded in Book 4640, Page 930, Durham County Registry. Under this Assignment, Young Investments has assigned all leases, rents and profits from the Pitt Stop to Paragon.

Paragon is advised that you entered into a lease agreement with Young for space at the Spice Pitt Stop, and Young Investments has defaulted under the terms of the loan, thereby requiring Paragon to begin collection all rental proceeds from tenants at the Pitt Stop.

← LIE

You are hereby notified that, effective immediately, all rent due from you in connection with your lease of property at the Pitt Stop must be made payable to "Paragon Commercial Bank" and mailed to the following address:

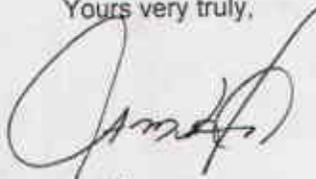
This baseless and ambiguous THREAT was made to ALL of Mr. Young's commercial tenants

Mr. Jim Hoose
Paragon Commercial Bank
3535 Glenwood Avenue
Raleigh, NC 27612

This act of unlawfully diverting ALL of Spencer Young's remaining INCOME prevented him from continuing to provide financial support to his extended family, who as long depended on him for support, including: (1) an 83-year old mother with a heart condition; (2) a 52-year old ex-wife, stricken with pancreatic cancer; (3) a one-year old toddler son; and twin 20-year-old sons attending college (Duke & Maryland). The INTENT of this malicious act was three-fold: (i) to DEFAME Mr. Young by making him appear to be fiscally irresponsible and a FAILURE; (ii) to create debilitating strife that would OVERWHELM Mr. Young and his family; and (iii) make it appear to his family that Mr. Young had ABANDONED them.

Failure to abide by this request may result in legal action against you.

Yours very truly,


Jim Hoose

Enclosure

As of this date, the subject mortgage loan was current, and the notion of it being delinquent was a FRAUD.

Exhibit XII - Fraud Element # 8

April 9, 2009

As a result of David M. Warren's prominent role in Paragon's audacious FRAUD, he has exposed himself and his firm to criminal prosecution and SUBSTANTIAL civil liability.

Poyner Spruill ^{LLP}
David M. Warren
Partner
D: 919.783.1112
F: 252.972.7045
dwarren@poynerspruill.com

Mr. Ronnie Lloyd
Colonial Tire and Automotive
2105 East Hwy 54
Durham, NC 27713

This is a BOLD-FACED LIE, complicit with Paragon's declaration of a FRAUDULENT DEFAULT of ALL of Spencer C. Young's (and his affiliated company's) loans with Paragon

RE: Spencer C. Young Investments, Inc./Paragon Commercial Bank

Dear Mr. Lloyd:

This firm represents Paragon Commercial Bank ("Paragon") in connection with the loan from Paragon to Spencer C. Young Investments, Inc. ("Young"). You have previously received a letter from Mr. Jim Hoose of Paragon directing you to make all rental payments for the Pitt Stop property to Paragon. Pursuant to an Assignment of Leases, Rents and Profits dated December 14, 2004 and recorded in Book 4640, Page 930, Durham County Registry, Paragon has a duly perfected security interest in the rental income of the Pitt Stop property.

I also have been advised that Spencer C. Young has contacted you and advised you not to make those payments to Paragon. This directive by Mr. Young is in direct contradiction of the loan agreement. ← LIE

You are required to continue your payment obligations under the lease agreement with Young. To alleviate any concern that you may have about the dispute between Paragon and Young, Paragon has authorized me to accept those payments into my law firm's trust account with that money being held in escrow. Payment of those monies to my firm's trust account will ensure your compliance with the payment terms of the lease agreement. ← LIE

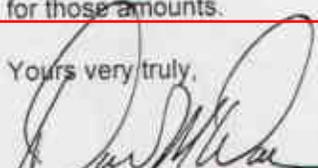
Payments can be made payable to "Poyner Spruill LLP Trust Account" and send to the following:

Poyner Spruill LLP
Attention: David M. Warren
Post Office Box 1801
Raleigh, NC 27602

This baseless, ambiguous and malicious THREAT was delivered by David Warren of Poyner & Spruill to ALL of Mr. Young's commercial tenants

Failure to make payment either to Paragon or to my firm's trust account may subject you to further liability for those amounts. →

Yours very truly,


David M. Warren
Partner

DMW:opr

This too is a BOLD-FACED LIE. The subject loan was NOT in default, and such a representation was FRAUDULENT. The terms of the lease agreement call for payments be made directly to Spencer C. Young's company, and payments to Poyner & Spruill's Trust account do NOT comply with the lease -- This is merely another devious way of UNLAWFULLY depriving Mr. Young of his livelihood, and cause unimaginable pain and suffering to his extended family to has long depended on him for financial support.

THREAT